

VERMONT ECONOMIC PROGRESS COUNCIL
MEETING MINUTES
MARCH 24, 2011
BURLINGTON CITY ARTS CENTER, LBG ROOM, 2ND FLOOR
BURLINGTON, VT
8:30 A.M. TO 4:00 P.M.

Members Present: Betsy Gentile; Carl Rosenquist; Chris Keyser; Mark Young; Mary Lintermann; Nancy Port; Rachel Smith; Stephan Morse.

Staff Present: Fred Kenney, Alice Cloud

Others Present: **AFCell Medical:** Robin Young, CEO; Priscilla Young, Owner; Laszlo Adams, CFO
Carbon Harvest Energy: Don McCormick, President; Kim Locke, CFO
City of Burlington: Bob Kiss, Mayor; Larry Kupferman, Director of CEDO; Brian Pine, CEDO; Bruce Seifer, CEDO; John Vickery, Assessor; Richard Goodwin, Treasurer's Office; David White, Planning Office.
Others: Stephanie Hainley, White & Burke; David White, White & Burke; Ashley Higgins, White & Burke; Eric Hoeckstra, Redstone (by phone); Jeff Nick, Nick and Morrissey Development and Chair, Church Street Marketplace; Tom Torti, LCRCC; Michelle Boomhower, CCMPO; Curt Carter, Seth Bowden, Frank Cioffi, GBIC; Sam Andersen, CVEDC; Brennan Duffy, ACCD; Robert Chase, EPRI; Joss Besse, ACCD.

8:30 a.m.: Members of the VEPC Board toured Downtown Burlington, viewing the areas included in the Waterfront and Downtown TIF Districts.

9:35 a.m.: Chris Keyser called the meeting to order.

Chris asked if there was any public comment. Hearing none, Chris requested Council approval of the February 24, 2011 meeting minutes as presented.

9:36 a.m.: Mark Young motioned to approve the February 24, 2011 meeting minutes. Carl Rosenquist seconded and the motion carried 8-0-0.

Introductions of the Board and others present were made.

9:38 a.m.: Carl Rosenquist motioned to enter into Executive Session and Mary Lintermann seconded. The motion carried 8-0-0.

10:18 a.m.: Stephan Morse motioned to exit Executive Session and Nancy Port seconded. The motion carried 8-0-0.

10:19 a.m.: **AFCell Medical – Location TBD (Initial)**

Nancy Port made a motion to approve an Initial Application from AFCell Medical, giving initial authorization of maximum incentives of up to \$1,338,444., with an estimated incentive of \$1,159,985 based on application data, for activity to commence in calendar year 2011, citing a determination that the applicant met the But For and program guidelines and that the project will generate a minimum net revenue benefit of

\$801,724, subject to submittal and consideration of a Final Application before December 31, 2011. Mark Young seconded and the motion carried 8-0-0.

10:21 a.m.: Stephan Morse motioned to enter into Executive Session and Chris Keyser seconded. The motion carried 8-0-0.

11:27 a.m.: Stephan Morse motioned to exit Executive Session and Betsy Gentile seconded. The motion carried 8-0-0.

11:30 a.m.: **Carbon Harvest Energy, LLC – Burlington/Brattleboro (Initial)**

Betsy Gentile made a motion to approve an Initial Application from Carbon Harvest Energy, LLC/Brattleboro Carbon Harvest, LLC, giving initial authorization of maximum “green” incentives of up to \$327,872 with an estimated incentive of \$301,288 based on application data, for activity to commence in calendar year 2011, citing a determination that the applicant met the But For and program guidelines and that the project will generate a minimum net revenue benefit of \$83,698, subject to submittal and consideration of a Final Application before December 31, 2011. Carl Rosenquist seconded and the motion carried 7-1-0, with Mark Young voting nay.

11:45 a.m.: **Bariatric Nutritional – Georgia (Final)**

Carl Rosenquist made a motion to approve a Final Application from Bariatric Nutritional, subject to final Cost- Benefit Modeling from EPRI, citing a determination that the applicant met the But For and program guidelines when the Initial Application was approved in January 2011 and that the project will generate an approximate minimum net revenue benefit of \$98,683. Rachel Smith seconded and the motion carried 8-0-0.

11:47 a.m.: **ALPLA, Inc – Essex (Final)**

Stephan Morse made a motion to approve a Final Application from ALPLA, Inc., giving final authorization of maximum “green” incentives of up to \$654,438, with an estimated incentive of \$615,636 based on application data, citing a determination that the applicant met the But For and program guidelines when the Initial Application was approved in December 2010 and that the project will generate a minimum net revenue benefit of \$181,570. Nancy Port seconded and the motion carried 8-0-0.

11:48 a.m.: The board broke for lunch.

12:30 p.m.: Chris Keyser brought the meeting to order. Fred Kenney gave a general description of how TIF Districts work and the role VEPC plays in the TIF District approval process.

Chris thanked Larry Kupferman and Stephanie Hainley for all their work on the Burlington TIF application, Burlington City Arts for the meeting space and Burlington recreation department for providing the bus for the morning tour.

12:37 p.m.: Chris Keyser opened the floor for public comment on the Downtown Burlington TIF District. Hearing none, Chris asked the Board and audience to introduce themselves. Chris opened the floor for presentations and witnesses on the Burlington Downtown TIF District.

Bob Kiss, Mayor of Burlington: Expressed to the Council the importance of Tax Increment Financing to the City and the success of the Waterfront TIF District to the City of Burlington. It has made an incredible

difference in terms of the historical ability to develop the waterfront, which is an asset to the City, the Greater Burlington area and the State of Vermont. Using TIF has made the difference in allowing the development of the waterfront and the City is now poised to do work downtown and infrastructure that is publicly financed will make the difference. It's an investment in Burlington, in the region, and the State. I hope that as you proceed you will see the importance and value of TIF to Burlington. Mayor Kiss provided the Council with annual reports and Burlington flag pins.

[\[Click here to access an audio file of this testimony and discussion\]](#).

Stephanie Hainley, White & Burke: Provided an overview of the TIF application using a slide presentation. She highlighted the fact that Downtown Burlington is a unique situation for development and that the TIF investments to be used would need to be approved on a case by case basis as projects develop since all the projects that will occur cannot be known now. Need to be able to use TIF as a dynamic tool and use it in an entrepreneurial way.

[\[Click here to access power point presentation\]](#).

[\[Click here to access an audio file of testimony and discussion\]](#).

Questions during presentation:

Fred Kenney: What the expected total increase in grand list value was for the Waterfront TIF District when it was started?

Brian Pine: A doubling of value was considered ambitious at the time. It has more than doubled.

Fred Kenney: Is it possible for some of the properties that are now tax exempt could become taxed after re-development occurs?

Stephanie: That is possible.

Larry Kupferman: That can happen when non-profit housing development occurs. For example, the Brown's Court parcel is owned by the City and is not taxed. But if the housing project that is expected occurs there, the property would be added to the tax role even though it is owned by a non-profit housing organization

Carl Rosenquist: Are any of the tax exempt properties subject to payments in lieu of taxes?

Larry: Several are, including UVM and Champlain College.

Jeff Nick, Nick and Morrissey Development and Chair, Church Street Marketplace Commission: Offered support of the TIF application, especially the development of the "superblock" and Midtown Motel which would hopefully be a public & private partnership development. The site has the potential to accommodate 400-500 parking spaces on 4 different levels and also a multi-use 100,000 – 150,000 sq. ft building that could be a hotel, retail, and/or office space. This re-development may also help the underutilized Memorial Auditorium. As member of the Church Street Marketplace Commission, the primary complaint is the lack of parking. The 2003 parking study identified this area as having a parking gap of 900 spaces. The lack of parking stifles growth. The parking added on this block would impact development in other blocks. Jeff provided estimates of tax and parking revenue that would be generated by the resulting development and parking. Have owned it since 1995 and if they could, would have figured out how to do the development without TIF before now.

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Questions:

Stephan Morse: Why do the economics, given what parking pays, not work out on their own for this project?

Jeff: Even at \$30,000 to build each parking space, given the unknowns of what might be found under the property, cannot figure out how to make it work without TIF.

Larry: The developer would be responsible for developing the parking for the private developments that occur, such as a hotel or office building. It is the public parking element that the TIF revenues would help make happen.

Jeff: The public gets to double or triple dip on the parking spaces. Even spaces paid for and dedicated to the private use would end up being used by shoppers, Flynn Theater goers, YMCA patrons, etc. during off hours.

Tom Torti, Lake Champlain Regional Chamber of Commerce. Tom discussed why the TIF is important to Burlington and the region. The Chamber undertook a regional branding study. It looked at the brand for the region and the state. Despite what those from away would like to think, the region is identified as Burlington and when asked what they know about Vermont, the answer was Burlington and Ben and Jerry's. This reaffirmed what we intuitively knew. They are the iconic images of Vermont that drive the economic engine of the area. Burlington stirs the economic engine of the region and Vermont. Burlington houses UVM and other fine educational institutions. It houses the medical school and a world class teaching hospital. It identifies IBM Vermont.

Vermont has done well by the economic vitality and reputation of Burlington. That economic vitality and reputation is hampered by some of the issues identified earlier: a pretty closely built out city that is difficult to develop in because of geography, topography and other issues. We face competition from Williston, Essex, etc because it's easier to develop there. Those areas benefit from Burlington's vitality. But people come to his region from away for the downtown. Hey don't come to go to the outlet malls or shopping centers. They come for the city experience. They come to experience the theater, arts, the culture, dance, the fine restaurants. Unless we can figure a way to continue developing this downtown, we are going to lose those people who are coming here for a very unique city experience. Need to approve this TIF to get the parking needed. We need to make it welcoming.

[\[Click here to access an audio file of this testimony\]](#).

Michelle Boomhower, CCMPO: Noted their letter of support in the application but has some additional comments about the transportation system in Burlington as a complex and dynamic system as it relates to the city and the region as a whole. Michelle pointed out the volume of traffic coming into Burlington and the planning and implementing of transportation projects in order to serve the large capacity of vehicle travel in this area. Spoke about current demands and rise in demand for parking. Michelle outlined the dollars that are included in the transportation improvement plan for improvement implementation in Burlington.

[\[Click here for copy of statement letter from CCMPO\]](#).

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Questions:

Fred: Does your website include list of what Burlington projects are in the CCMPO plan?

Michelle: Yes. See http://www.ccmpto.org/TIP/ccmpo_fy2011_2014_tip.pdf

Stephan Morse: You said that 80,000 cars come into Burlington on three routes daily. How many total parking spaces are in Burlington today?

Bruce Seifer: 8000

Stephen: What is the total city revenue from those parking spaces?

Bruce: Half are public, half are private. I do not know the revenues.

Stephen: Since we are looking at so much parking in this application, it would be interesting to know total current parking, how much of that is public and private, and what the revenues are from that parking.

Eric Hoakstra, Redstone Development: Redstone was chosen as the developer of the “Banknorth Block” site. Purchased the site from the bank in 2004 and struggled for three years regarding how to do a project on the site. Settled on a phased plan and started with the redevelopment of an existing historic building into a 15 unit condo project, completed in 2008. Working with non-profit partners, Housing Vermont and Champlain Housing trust, developed a four story mixed use building on king street with non-profit offices and affordable housing above. Also redeveloping the historic armory building. But the project has been stalled largely due to cost constraints and lack of infrastructure and parking. We also own almost all the open land on that lot which is now covered with surface parking. Our plan is to create a dense urban development on the parcel with structured parking and mixed uses above. But we have been hamstrung for many years because although Burlington is strongest real estate market in the region, we are a small market that does not have the strength to justify the extraordinary costs that go along with dense urban development. It’s the right kind of development for Burlington and keeps the historic character in place, but there are very few sites in the downtown. We are at a standstill with a historic building and surface parking that are ripe for redevelopment but that cannot occur without some kind of public financing and incentives. We have pegged the financing gap at around \$5 million in order to redevelop the site the way that the City and Redstone envisions.

[\[Click here for copy of letter from Redstone.\]](#)

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Additional information provided to the Board by Larry Kupferman, City of Burlington.

Questions:

Fred: Is there an estimated number of new jobs to be created by this project?

Eric: Do have it, but not with me. Something like 200 constructions jobs and 50 permanent positions.

Richard Goodwin, Asst. Chief Admin. Officer- Finance, Clerk/Treasurer’s office: Acknowledged success of the Waterfront TIF has helped Burlington and thinks a downtown TIF would also be very beneficial. The Grand List has grown by about \$76 million because TIF. Also spoke about the City of Airport and the airport.

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Questions:

Mark Young: What is the Common Level of Appraisal (CLA) for Burlington at the moment?”

John Vickery, City Assessor: 88.08%.

Fred Kenney: What is the City’s bond rating?

Richard: Do not have that information handy. Will provide.

Chris Keyser: Does city need additional voter authority to bond for this project?

Larry: The debt ceiling question will need to be asked. Once the debt ceiling is established, it will be voter approved. Then each bond thereafter would go to the voters. But if other tools are used, those do not have to go for a vote.

Chris Keyser: What’s the city’s record of approving bond issues?

Larry: For what time period?

Chris: Trying to get a feel for the voters' capacity or willingness to obligate themselves.

Brian Pine: I can address that. I served on the City Council for a period. Revenue bonds are viewed much more favorably than a general obligation bond. With a revenue bond the revenue source is identified and a majority vote suffices. With a General Obligation bond a 2/3 vote is required.

Larry: With the TIF bonds, a source of revenue will be identified so hopefully a majority vote will be required. This past election there were two BED bonds that were not passed but they required 2/3 vote.

Frank Cioffi, GBIC: Strongly supports this Downtown TIF District application. Burlington is the center of attraction for the State of Vermont and center of commerce in this county. If we want to encourage development and investment in the built environment then we have to support the use of tools like TIF. When we were supporting the creation of a TIF program, this is the type of areas that we really wanted to provide a tool to help municipalities to build essential infrastructure that can accelerate investment that will lead to job creation and retention. When you are working in built environments like this, you have to be creative about where you can develop or redevelop and parking is a major issue. The City is very creative about finding places to park for employers and employees in an affordable manner. We are underserved now by parking and the need is substantial. Public investment is required to make it happen. We strongly support this application. The City has a good history of using TIF and getting great results.

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Questions:

Stephen Morse: One of the earlier witnesses mentioned that some private developers and the City made arrangements to provide parking. Wondering if you know what he meant and if so, why is that not an alternative now.

Brian Pine: The most recent big development projects that Eric Hoecktra referred to are the ones we pointed out on the tour – Macys, the Marriott, and the hotel that will be built in front of the Lakeview Garage. The Waterfront TIF allowed for the public parking to be built in relation to the Macy's project and two levels of parking were added to that project for the Marriott.

Stephen: So no other arrangement other than TIF?

Larry: Previous to TIF, the federal government made funding available for infrastructure through the UDAG program, which allowed a municipality to lend money to a developer for parking. It didn't build any public parking. I think what Eric was referring to is the fact that the City demanded that parking be made available on weekends and evenings with no charges. Since that time, charges have been added, but it cannot be any more than charges for public parking. There are fewer and fewer federal programs available and UDAG is no longer available.

Stephen: As I read all the TIF material and hear you today, it sounds like we are talking about a parking lot TIF. Is that a fair characterization?

Larry: Parking is a substantial part of this TIF, but I wouldn't want to de-emphasize the other infrastructure that is required: storm water, sewer, particularly on these two parcels you heard about today. Because we haven't had a mechanism to understand how to pay for that public improvement, we haven't even started the process to understanding the total costs involved in deploying that sewer line properly.

Stephen: At some point will you bring that information to us or are we to approve the TIF without the detail?

Stephanie Hainley: What detail exactly?

Stephen: What I am getting out of this is that we are building parking lots. What other detail is there and what information can we get on the other projects?

Stephanie: This TIF application is meant to be flexible and versatile to allow for various projects. The sewer project, for instance, is one example of a sewer line that needs to be relocated to allow development. There are other examples of similar projects in other areas of the TIF that we just do not know about now. Developers have come to the City over the years with various stumbling blocks and then walked away from properties without developing them because they are too challenging. We don't know all the detail of what those projects will be until we have the TIF. It's a chicken and egg proposition. We are not sure which developer will come forward with a project that has had a stumbling block for years. The sewer project is one example of that. We can probably get a more sophisticated estimate of costs to relocate the line. We actually broadened the TIF beyond parking because we determined it needed to be broadened to other investments because parking is not the only impediment to investment in downtown Burlington. Streetscape, continuity of streetscapes, undergrounding utilities, storm water, are all equally important.

Larry: Storm water is very important because it is not tied in with our sewer system now. We can get estimates from public works.

Mary Lintermann: The application mentions generally "utility relocation and reconstruction." Are there other utility components other than sewer and storm water?

Stephanie: As we have watched certain development go forward, undergrounding utilities has become important. Where we can do that in tandem with development, there is efficiency of costs.

Carl Rosenquist: Will any TIF revenue be used for Brownfields remediation? Or are there other funds available?

Stephanie: That is not one of the investments targeted for TIF revenue by the City. One of the brownfields getting cleaned up as part of a real property development could definitely happen.

Brian Pine: To the extent that a brown fields clean up requires additional expense in the development if there are public improvements in the public right away— such as curbing, street trees, sidewalks. If those costs can be taken off the developers list because you are adding brown field remediation to the development costs, that may make the difference in the project happening or not.

Fred: Are any of the identified brown fields on public property?

Brian: No. They are all on private property.

Larry: At 151 Champlain St, which is adjacent to 30-32 King. They abut. The Champlain Street side is privately owned. If they are conjoined it could double the amount of affordable housing. But the City has other resources to help with remediation depending on the type of pollution.

Further discussion of brownfields.

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Mark Young: You keep the TIF application very general for projects that could come up in the future. But we at some point have to talk about proportionality and it seems we will have a problem figuring that out if the project information is vague. If we approve the TIF and approve a certain proportionality and it goes forward differently, how do we deal with proportionality.

Chris: Exactly my thought and concern. You have some projects identified with a proportion identified. How will this be managed in the long term if it is so open-ended?

Larry: To the extent we have estimates we tried to address proportionality. One of the reasons we have such an awkwardly designed TIF District is that we tried to hone not only the development areas but the size of the District to generate enough TIF increment to support or expected \$20 million in debt. We moved into it a little backwards but that's the rationale we used. To the extent that the proportionality is examined on that, at least you have some numbers to look at.

Mark: I thought about that on the way here today. You have been selective with the properties included in the District, and whether that is a negative – trying to take advantage. But the opposite occurs to me. If you are successful in your TIF the values of the adjoining properties that are not in the TIF will also increase and the state will benefit.

Brian: We are open to some kind of system of iterative process where proportionality is determined as we move forward. We are not going to do 40 projects out of the gate. We are going to do a handful of projects.

Stephanie: We had talked briefly about some kind of reporting system as a condition of the approval, where we report in on investments as they happen to certify compliance with statute. The proportionality argument that we had to take stock of with this District is related to the fact that everything is so closely connected and densely developed, it is hard to see how everything is not proportional and that there is not nexus between any improvement and development within the TIF. If you build a parking structure anywhere in the TIF, it has a ripple effect on all parts of the downtown- it benefits the entire District, and more, because of the density and uses.

Fred: This gets to the core issue for the Council's consideration of this application. How do you handle the vagueness of it? Do you handle it through conditional approval? What would that look like?

Discussion of ICV and other developments, some that occurred with and others that occurred without TIF.

Fred: With most potential real property developments located in the southern end of the TIF, why are the other areas included?

Stephanie: There are potential projects in those areas. Many lots are underdeveloped and others are ripe for development, but they are speculative at this point.

Stephen: How did you select the projects that are included in the application?

Stephanie: We went through a process using various categories: permitted, planned, conceptual, rumored, using reasonable judgments regarding what is most likely to happen in the next 5 years.

Stephen: So this is what you **think** could happen in next five years, not necessarily what **is** going to happen.

Larry: The project that is most likely to go forward is the TD Bank block. With the TIF tool, there will be impetus for them to focus on that project. The next ones are the Superblock and the Hood plant because there had been discussion for years about development there. On the north side of the TIF, in connection with transit, there is also the potential for a transit center on a site along Pearl Street.

Chris: You have said the maximum indebtedness is \$20 million – principal only. You have eleven potential projects. You will need to allocate dollars to those projects. It could cost \$12 million to build one of the parking structures alone.

Brian: TIF financing won't account for 100% of our revenue. There are other sources of revenue that we can leverage.

Chris: Given the way this TIF District is proposed, the board will need to understand how you can use \$20 million leveraged to include all the improvement projects in the plan. Is there enough revenue from the identified areas?

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Stephen: The plan shows eighteen separate bond issues from 2012-2016?

Stephanie: That is primarily a function of putting data in the spreadsheets to show a conservative estimate of what the debt will be. In reality, there will be a mix of debt instruments.

Stephen: When we handle these applications, do we usually have more detail than this?

Fred: With the other two considered to date. Yes, we had more detail.

Brian: That is the key difference of an urban TIF versus a suburban TIF. Very different use of TIF. I would argue that Colchester and Milton were suburban TIFs.

Stephanie: Given that we are representing all Vermont taxpayers here, why would we not need to see more detail? Why is that not a fair request?

Brian: It's a fair request. I don't know if we have the ability to have the crystal ball that you have when you have just four parcels, you know what infrastructure is needed and what development will occur. What we are looking for the Board to do is, in partnership with the City, as we have with our other TIF District, allow

the City to use this tool to incent private development that otherwise would not happen. Recognizing that the taxpayers are protected in that the current tax revenue stays the same and any new increment goes to the Ed fund at 25% and 75% goes to the TIF. We feel that City's combination of assets and liabilities are strong enough that we have a balance here and we have a record of TIF that lived up to the promises. Asking the Board to have faith in that again.

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Larry: The state taxpayers will not be on the hook for the total debt ceiling, only what we actually do in five years. We are trying to include what we think would happen but it takes a long time to develop. We may be able to get some details from some of the developments.

Bruce Seifer: Provided comment on difficulties of estimating costs ahead of time. Only reason we were able to keep the TD Bank here is because we had the tool (UDAG). We knew we had that tool. So we were able to tell them we could help with the parking garage because we had that tool. We had a working budget. But when the project started, we found they had to assemble lots, they found three foundations, a neighboring building started collapsing when they dug for the garage footings. You don't really know what the total costs are going to be. But we were able to work with them and retain them in Burlington because of the tool to provide for the parking. It's always about how we can pay for the parking. We need those tools to provide the incentives for developers so we can work in partnership with the growth of businesses, just as we have with the VEGI program. Without the TIF tool we end up with the no-tell motel projects. We need this tool to get development that will create jobs.

Discussion of revenues created for City and state because of projects that were done in partnership using economic development tools.

Discussions on revenue that results from parking, parking turnover, and how all traffic and parking is handled now. There are about 4000 public parking spaces that turn over every two hours.

Discussion of meaning of monocultural development.

Fred: One of the allowed uses of TIF revenue is for utilities. Is there any contemplation of using TIF revenue for build out of Burlington Telecom?

Larry: No. That is not one of the expected uses.

Bruce: But as you know, build out of telecom statewide is a huge issue. The state needs to think comprehensively how we are going to make sure that there is a telecommunications network around the state.

Fred: Has the City thought about what would occur after a possible approval for an application that is open-ended as Burlington's?

Stephanie: We envisioned that the District would operate under an umbrella approval with buckets of different types of investment that we could draw from. The criteria or conditions of approval would require a

reporting on a project by project basis that would lay out each investment, including details like the type of debt to be used.

Stephen: Just so we are clear, you are suggesting that we would give you general approval and then for each project you would come back for specific approval?

Stephanie: I want to be careful that we are not subjecting each project to a re-approval process that is like an entire application.

Stephan: Nor do we want to be in that position.

Brian: We are not asking for complete underwriting. We are looking at a limited number of projects that would come to you with a detailed description of detail that could not be included in the application, such as proportionality.

Stephanie: We would submit projects that are consistent with the approved application, the objectives in the application, and statute.

Larry: We have given it some thought, but need to look at the process in more detail. But conceptually, we would be looking for some mechanism where we report in.

Carl: You were able to get more time or debt ability for the existing Waterfront TIF. Is that something we can do with this new TIF – increase the debt ceiling for example, if there are more projects or the projects are more costly than anticipated?

Larry- That approval was done through the legislature. I think now they want a system that works without going back to the legislature.

Fred: This is a policy question that the Board needs to address in detail. What occurs, for example, if something changes with the Milton or Colchester TIFs. It is likely that the plan will not go forward as planned. What needs to occur and what process does the Board need to have in place to handle amendments to existing TIFs and a process to handle applications such as this, if you want to be able to provide an umbrella approval with reporting or approval on each phase.

2:37 p.m.: Board paused for a Break.

2:52 p.m.: Return from Break

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2:53 p.m.: Chris: Let's begin by going down the list of TIF application criteria for Board consideration. There are some that we can discuss or approve based on the staff information provided with the application. The first is the Process Criteria. Staff makes a recommendation that all the Process Criteria have been met.

The Board agreed that the Process Criteria is met.

Chris: Secondly, the location criteria can be met because the TIF is wholly within a Designated Downtown.

The Board agreed that the Location Criteria is met.

Chris: That leaves the rest of the determinations, from Purpose and But For to Project Criteria and viability. We need to come up with a process for making these determinations given the lack of specificity in the application. How will we manage the open-endedness? One thing that comes to mind as an analogy is something like the Act 250 umbrella approval, where they have to come back for individual projects.

Mary: So we would give an umbrella approval and then as projects unfold they would come back. We would have to determine the extent of the review and evaluation that we do for the application and then for the projects.

Chris: Would we want to look at each project in light of nexus and proportionality to figure out the dollars that are paid with TIF revenues?

Discussion of nexus and proportionality and potential methods to calculate proportionality.

Stephen: As I read all this, I thought it was vague, but I learned today why it has to be that way. To follow up on Chris' suggestion of an Act 250 Master Plan model: The Board would set out the broad parameters of what would be allowed to use TIF revenue to be used for within the District and then there would be reporting on a project by project basis, with staff approval if it fits the parameters of the approved Master Plan, and if not, it would come back before the board?

Fred: We should discuss that, but the projects should probably come before the Board.

Stephen: That would be up to the Board to decide. The other approach is to approve five years of projects and then they come back for the next five.

Mary: The terms in statute are "rough proportionality and rational nexus." I am comfortable approving nexus based on that.

The Board agreed that the Nexus Criteria has been met.

Fred: So the Board is finding that the kinds of infrastructure that are proposed will serve the District?

Mark: I am not disagreeing with that. But it is a huge leap of faith. If we don't know what the projects are how can we give blanket nexus to unknown projects.

Chris: Because every project will come before us. I assume we would make a judgment that if the nexus or proportionality will be different, then those funds would be allocated differently, as needed. Is that reasonable?

Betsy: The area is very defined. It's all right within a restricted area.

Mark: There might be an example of a type of infrastructure that is not in the application but that might come up and we find that it has no nexus with the development but we have already said there is nexus.

Stephen: So there are three broad non-parking infrastructure types: utilities, stormwater, and streetscapes. With the application using the broad term of utilities, that can mean anything. Do we narrow it down?

Mark: We could approve conditional nexus based on the application, for the specific infrastructure and development projects mentioned, but require review if something else is proposed.

Chris: An example would be that the City finds they need to install a power substation in Winooski to service part of the downtown. Would that have nexus? Maybe. But certainly not 100% proportionality.

Mark: One unusual situation here is that the City owns the utility and the telecom system – or at least part of it. I think it would be suspect if municipal utility work were paid for with TIF revenue. Another issue for proportionality is the sewer problem in the ravine. Certainly that sewer line has to be dealt with for the proposed development. But that sewer line serves other parts of the City.

Stephanie: The relocation of the sewer line is required for the development. The relocation is directly proportional to the development and the development is causing the relocation. There are other benefits that are ancillary, but they are less relevant.

Mark: But if that line is not adequate and it serves other areas, and it needs to be replaced to be bigger, there would have to be a proportionality calculated. It's a project that would have to be done regardless of the new development.

David White: The nexus issue might be addressed by so long as something is on the list in the application and is physically within the TIF District, then nexus is met, but not in every instance proportionality. Then anything that came up that is not on the list or is outside the District might then come into question.

The Board agreed that there is enough information to determine nexus.

[\[Click here to access an audio file of the following discussion\]](#).

Discussion ensued about proportionality.

Mary: Suggested that using “up to” in the approval might work and then set the exact proportion when the projects are presented. A different proportion would require that the issue come before the board.

The Board reviewed the infrastructure projects.

Mark: Is there any detail or descriptions on the utility upgrade projects.

David: In some cases it could be undergrounding of utilities, it could be water or sewer upgrades related to the building. When you have the roadway ripped up for a project, that's when you want to get in there and do that. It will be project and location specific depending on what is needed for the project.

Mark: So we could put in “project specific utility upgrade” or some explanation rather than a broad project some place.

Betsy: Problem is that until the project starts, they don't know exactly what it will be. So the costs are best guesses, not knowing what you will encounter or exactly what will be needed for each project.

Mark: To me, "project specific" detail means that you are not working on some necessary upgrades two blocks away unrelated to the development.

David: I would temper that by saying that the City may want to take the opportunity to gain more public benefit beyond just where the development is because it's more cost effective to go beyond the immediate need. Another example is the sidestreet projects that may not be directly related to a project, but are more "District improvements" that make the entire District more vibrant and attractive. So while project specific is the focus, we would not want you to retract it too tightly.

Mary: We could call it project precipitated.

Larry: One way to approach this may be to assign a proportion of the costs to TIF revenue and if there are other costs we have to use other sources of revenue. For example, this hundred feet is assigned to the TIF and the next hundred feet, which has to be done at the same time, is assigned to other revenue.

David: It was not the City's intent to assign an exact dollar amount to each infrastructure project. Those are estimates. There will be a debt ceiling for the overall amount, but we need the flexibility to shift among costs.

Further discussion regarding proportionality.

Fred to provide the Council with a more detailed chart showing all proportionality factors.

3:48 p.m.: Stephan Morse motioned to adjourn the board meeting, Mary Lintermann seconded and the motion carried 8-0-0.

*Minutes taken by Alice Cloud: **March 24, 2011***

*Revised by Fred Kenney: **April 8, 2011***

*Approved by the Board: **April 28, 2011***